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Subject: Position of local authorities on the revised draft Outcome Document for the Third International Conference on Financing for Development

Excellences,

I am writing on behalf of the Global Taskforce of Local and Regional Governments, which brings together the main international networks of local governments, with regards to the revised draft Outcome document published on May 7, 2015.

In order to provide you with the most useful and accurate insights, the comments below are the result of consultations on the local dimension of sustainable development that we have gathered from many local government networks, with the aim of making sure that the new agenda for the financing of development will be able to be implemented locally and reach its maximum potential.

With regard to **paragraph 31** of the revised draft, which refers to subnational levels and municipalities, we consider that the current version gives the right place to subnational governments and their financing. To make this paragraph comprehensive and complete, we would suggest the minor but complementary amendments included in the annexed document.

Otherwise, our main concern is that the challenges of urbanization, and the specific financing instruments directly related to it, have so far been insufficiently addressed in the Outcome Document and discussions. Rapid urbanization is one of the major triggering factors that explain the growing deficit of investments in infrastructures and public facilities. According to a recent study by McKinsey, investment in physical capital in growing cities and its knock-on effects could inject up to \$30 trillion a year into the world economy by 2025. Therefore, we suggest **amending paragraphs 4 and 13**, which refer to infrastructures, to include at least two sentences that mention urban dimensions.

I would also like to inform you that, in the wake of the Special Event we organized in New York on April 10, 2015, we are currently putting together a delegation of mayors and local representatives to take part to the conference in Addis Ababa. We hope to be able to count on your support to **include representatives of local authorities in the Multi-stakeholder Round Tables**, side by side with civil society and the business sector. We will submit two side events organized by the global organizations of local and regional authorities to the Organizing Committee shortly.

Allow me, Your Excellences, to take this opportunity to thank you in advance for the attention paid to our remarks, and to present to you the assurances of our highest consideration and regard.



Josep Roig
 Secretary General
 United Cities and Local Governments
 on behalf the Global Taskforce of Local and Regional Governments



**Amendements proposed by the Global TaskForce of Local and Regional Governments to
The Addis Ababa Accord of the Third International Conference on Financing for Development**

Paragraphs

4. Despite these gains, many countries, in particular least developed countries (LDCs), still face considerable challenges and some have fallen behind. Inequalities within many countries have increased dramatically. Women and marginalized groups continue to be excluded from participating fully in the economy. While the Monterrey agenda has not yet been fully implemented new challenges have arisen. The 2008 financial crisis exposed risks and vulnerabilities in the international financial system. Global growth rates are now below pre-crisis levels. Shocks from economic crises, conflict, natural disasters, and disease outbreaks spread rapidly in our highly interconnected world. Environmental concerns and climate change threaten to undermine past successes and future prospects. **The urban potential for social, economic, and environmental development is insufficiently exploited and investment deficiencies are substantial.** With enormous unmet financing needs for sustainable development, significant changes in current policy, financing and investment patterns will be required to deliver the future we want.

13. Establishing a new platform to bridge the infrastructure gap: Investing in sustainable and resilient infrastructure inclusive and sustainable industrialization and innovation is a pre-requisite for achieving many of our goals. We recognize that infrastructure, including access to water, sanitation and affordable, reliable, sustainable and modern energy for all, is critical for economic structural transformation as well as meeting social needs. We will facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, LDCs, LLDCs and SIDS. **Part of these investments should be directed to growing urban areas, particularly in developing countries, where most of the 1,2 billion urban population growth is going to take place in the coming fifteen years. Cities are both the main engines of economic growth and development and home to extreme deprivation and environmental degradation. An immediate, concrete and direct response is needed to the one billion people living in urban slums.** We will work towards at least a doubling of annual investments for sustainable infrastructure in developing countries from all sources in the next five years, in order to bridge the 1 to 1.5 trillion dollar annual infrastructure gap in developing countries. We therefore call for a new global infrastructure **and sustainable cities** platform as a key pillar to meet the SDGs. Working with ongoing initiatives, this platform will bring together relevant stakeholders to identify gaps and constraints, particularly for countries and sectors that are often overlooked, ensure that projects are environmentally, socially and economically sustainable, and will help mobilize financing from all sources. We invite all to join us in our endeavor, including private and public actors, particularly national and multilateral development banks (MDBs). New and additional funding from development banks will be especially instrumental in our efforts to reach this goal. **We agree to ensure domestic and international enabling environments necessary for infrastructure investments, including a sound policy, legal and regulatory framework.**

31. We further acknowledge that in many countries, responsibilities for revenues, expenditures and investments in sustainable development are being devolved to the sub-national level and municipalities, which often lack adequate technical capacity, financing and support. We therefore commit to **promote an enabling legal and institutional environment and develop appropriate policies and mechanisms** to assist them, including to strengthen capacity, particularly in areas of **urban and land planning, sustainable and resilient basic services and infrastructure development, local taxation, sectorial finance and debt issuance and management, including access to domestic borrowing and bond markets.** We will strive to support local governments **to access appropriate finances, to mobilize revenues to carry out their responsibilities** and strengthen links between urban, peri-urban and rural areas within the context of national sustainable development strategies. We commit to scale up international cooperation **and promote peer learning** to strengthen capacity, particularly in **implementing integrated policies and plans towards inclusion, disaster risk prevention and** in climate friendly policies and infrastructure investments. We will support cities and local authorities, particularly in LDCs, in implementing resilient infrastructure, including energy, transport, water and sanitation, **sustainable waste management** and buildings. We will also support them to implement climate-friendly policies. In these efforts, we will ensure appropriate local community participation in decisions affecting their communities, based on country circumstances. We will develop and implement holistic disaster risk management at all levels in line with the Sendai Framework. In this regard, reliable support for national and local capacity for prevention, adaptation and mitigation of external shocks and risk management is needed.